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APPENDIX A

Survey and Analysis of Pending Federal Legislation on
Community Development

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PREFACE

Herein is the Oakland Redevelopment Agency's proposal to serve as the Oakland Community Development Agency. The proposal outlines in detail a city structure for Community Development that draws fully upon the Redevelopment Agency's long and widely acknowledged experience in rebuilding Oakland. It provides the Mayor and City Council with a sound basis for meeting future opportunities and challenges of building a better urban life for the people.

Much of the impetus for creating the proposed structure comes from emerging federal policy on community development. After extensive re-examination of national urban policy over the past few years, the Federal Government is taking steps to simplify delivery of federal assistance to cities and give to local government more responsibility for the utilization of federal resources. The most important sign of this change is the community development legislation,¹ pending in Congress, which will eliminate many federal programs based on separate grants in favor of block grants and program consolidation.

How cities take advantage of these emerging opportunities provided by the Federal Government depends on the particular needs and talents of each city. The Community Development structure proposed by the Redevelopment Agency is especially designed for the specific needs and talents of Oakland. Through its adoption Oakland can have the techniques and resources to substantially upgrade the total physical, social, and economic environment of its many blighted neighborhoods and achieve a more well rounded and balanced urban life for all its citizens.

In offering to serve as the primary instrument for establishing the Community Development structure, the Redevelopment Agency affirms its willingness to build upon the successes of present and past accomplishments. The Agency affirms its willingness to help the Mayor and City Council usher in a new era of urban growth and life for Oakland, and to work with the City Manager toward that end.

¹See Appendix A, Survey and Analysis of Pending Federal Legislation on Community Development, National Association of Housing and Redevelopment Officials

RECOMMENDATIONS

Key recommendations of the proposal cover the following areas: formation of the Community Development Agency structure; policy review; citizen participation; and program delivery.

Recommendation: That the Community Development Agency structure be formed through consolidation of Model Cities and the Community Action Agency with the Redevelopment Agency. The structure would be established by City Ordinance pursuant to the City Charter, and the Redevelopment Agency would assume responsibility for making the structure operational. The Ordinance would be drawn up in a manner that enables effective Redevelopment Agency accomplishment of the necessary tasks of consolidation and provides for a viable Community Development structure that meets the basic organizational and program goals of this proposal.

Recommendation: That the primary responsibility for Community Development policy decisions be placed with the Mayor and City Council, with the Community Development Agency Commissioners responsible for program execution and for recommending policies and programs to the Mayor and City Council. Community Development Agency staff would work with citizens advisory committees to obtain effective citizen input into policy recommendations which Commissioners present to the Mayor and City Council. The Executive Director of the Community Development Agency would be responsible for coordinating Agency recommendations with the City Manager.

Recommendation: That District Advisory Committees be formed as the official citizen participation structures for Community Development. Each of ten districts in the City would be represented by a District Advisory Committee. District Advisory Committee representatives would be selected from established residential, business, and educational organizations. Community Development districts would overlap with City Council districts so as to provide accessibility and communication between committee representatives and City Council members.

Recommendation: That the administrative structure of the Community Development Agency be organized into a management system that provides efficient and effective delivery of comprehensive physical, social, and economic services to meet varying neighborhood needs in the city. Community Development programs and services would be delivered in a manner that eliminates program waste and duplication and facilitates strong resident support and involvement in program activities.

I - COMMUNITY DEVELOPMENT NEEDS IN OAKLAND

A. DEVELOPMENTAL IMBALANCES BETWEEN OAKLAND COMMUNITIES

Oakland is unusual in that poverty and blight exists in a large scale at the same time that the city is experiencing a significant volume of social and economic growth and greater enrichment of cultural diversity. Included among its problems are: high unemployment rates, a disappearing middle class, loss of industry to surrounding suburbs, an aging and deteriorating housing stock, high welfare dependency, a "starved" educational plant and system, a shrinking tax base and rising municipal costs. Yet these problems only tell part of Oakland's story.

As a whole, Oakland is facing a complex mixture of growing opportunities and increasing problems. On the one hand, there is the new City Center development, involving \$35 million in federal investment, \$70 million in City investment², and over \$200 million in private investment. With City Center at the hub of the region's new rapid transit system, Oakland is strengthening its role as the dominant urban core of the East Bay and the major transportation center of the Bay Area. This growth has resulted in substantial gains in the standard of living for a significant proportion of the City's population over the past decade. Yet these expanding opportunities have failed to penetrate many districts and neighborhoods, particularly those below the MacArthur Freeway. In some of these neighborhoods, the physical, social, and psychological conditions of poverty have actually intensified over the past decade as rises in unemployment rates have worsened related problems of welfare dependence, family disorganization, and crime.

In sum, Oakland is not suffering from all-embracing urban decline. Its most serious problem is imbalance between the growth and prosperity occurring in some districts and the resistant poverty and deterioration in other districts. This community imbalance presents Oakland with a major need for community development in the three distinct areas expanded upon in the following section.

²Most of the City investment is financed out of tax increment funding. Tax increments are the taxes derived from the increases in the assessed value of a renewal project area. Through tax increment funding, the Redevelopment Agency obtains tax increments to defray project costs, retire debt or repay other public agencies for their investments in the project area.

B. MAJOR COMMUNITY DEVELOPMENT NEEDS

1. Need to Expand Private Investment Activity

One of the most important needs is to remove constraints inhibiting private investment from operating freely in declining residential, commercial, and industrial areas. Many of these areas have large investment potential. But this potential remains untapped because of numerous problems of physical disarrangement and social disorganization which constrict the incentive to invest. For example, a recent market analysis³ of the Elmhurst commercial area in East Oakland revealed a retail market of \$42.2 million. Yet major private investors are not attracted to this market because of the physical and social problems impinging upon its commercial area. Similar situations undoubtedly exist in other parts of the city. In some cases, the constraints involve problems of restricted credit flow to minority and small businessmen. In other cases, they involve physical and social barriers to incentives for major private investment. Yet in all cases, the potential for investment is there once these constraints and barriers are removed.

2. Need to Upgrade all Facets of Neighborhood Life

Related to the above is the need to structure community development programs for a positive impact on the total environment of deteriorated neighborhoods. In many cases the physical, social, and economic disabilities of these neighborhoods are so severe and so intertwined that anything less than a comprehensive program approach will only serve to further aggravate problems.

For example, much of the increasing unemployment in Oakland affects minority youth, with rates amounting to over one-third of the total labor force in some neighborhoods.⁴ Much of this employment is "structural" in that the youth are also undereducated and underskilled, and therefore seriously unprepared for today's highly skilled labor market.

Clearly such a problem has many dimensions that cannot be treated in piece-meal fashion. Thus a program to upgrade skills among these youths that is not integrally linked to actual job opportunities may only serve to increase the frustration and alienation among them today. Similarly a program to beautify

⁴Human Resources Development for Oakland: Problems and Policies,
prepared for City of Oakland by Stanford Research Institute (1968)
p. 17



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streets and sidewalks without improving housing conditions can only add to rising expectations with no provision for fulfillment.

Hence, problems of blight and poverty vitally affect all aspects of neighborhood life. To effectively penetrate the barriers which isolate Oakland's declining neighborhoods from expanding opportunities in other areas, without question, requires comprehensive program approaches with a definite capacity to impact the total pattern of life in these neighborhoods.

3. Need to Improve City Delivery of Community Programs

The persistence of severe social and economic problems in some Oakland communities naturally raises important questions about the effectiveness of various programs used for improvement in these communities over the past decade. From fiscal year 1960 to fiscal year 1967 the City of Oakland received over \$300 million in federal assistance for a wide variety of community improvement programs.⁵ The effect of these programs in solving community problems, however, was uneven and spotty.

The problem was not so much deficient administration of individual programs as lack of coordination and administration among programs. The City was overwhelmed with a multitude of separate federal programs, all with different eligibility and funding requirements, from a wide variety of federal sources. It was impossible to establish unified administrative control over them. As one study on the impact of federal policy in Oakland put it:

"The categorical nature of most federal programs established by the statutes, means that cities must often tailor their problems to fit available programs rather than being able to tailor federal programs to fit unique local needs".⁶

⁵The Federal Government in Oakland: An Analysis of Federal Decision-Making and Impact, Oakland Task Force, San Francisco, Feb. 1968

⁶Ibid., pp. 83-84

Fortunately this era of disjointed federal urban policies appears to be ending with pending Congressional legislation to replace separate grants with a block grant and program consolidation under community development. These emerging policy directives can provide the basis for building more well rounded and balanced urban programs and give cities a stronger role in carrying out community development. This greater local responsibility carries with it the opportunity for City authorities to structure the necessary administrative mechanism to ensure maximum local utilization of federal resources.

II - FRAMEWORK FOR OAKLAND COMMUNITY DEVELOPMENT AGENCY

This report proposes a Community Development Agency that is specifically designed to solve the major problems relating to developmental imbalance between Oakland's communities and provide sound policy direction in meeting neighborhood needs. The structure can best be established through consolidation and merger of the local Model Cities and Community Action Agency with the Oakland Redevelopment Agency. This section gives the basic rationale for forming the Community Development Agency and lists its essential organizational objectives and overall program goals.

A. RATIONALE FOR COMMUNITY DEVELOPMENT AGENCY FORMATION

1. More Efficient Administrative and Staff Costs

One of the primary advantages for City utilization of the Redevelopment Agency as the nucleus for forming the Community Development Agency rests upon the long demonstrated effectiveness of the Redevelopment Agency. The Redevelopment Agency has an established track record and national reputation for solid program accomplishments in community renewal and housing. With its existing administrative capabilities and staff competence, it can conveniently absorb Model Cities and the Community Action Agency to achieve greater program effectiveness with significant economies in administrative costs per program dollar.

Consolidation of Model Cities and the Community Action Agency with the Redevelopment Agency would lead to an immediate savings in administrative costs of 15 percent to 30 percent. The savings in administrative costs would be used to provide direct benefits to the community and its citizens. The City will gain broader and stronger capabilities in community development under a unified administrative structure that will obtain more efficient utilization of program and staff resources than the City is presently obtaining with the three programs operating separately.

Moreover, with an efficient management and personnel system, the Community Development Agency will be able to adjust staff levels in accord with fluctuations in funding resources and program requirements. It will, therefore, be able to maintain efficient utilization of staff resources on a continuing basis.

2. Stronger Integration between Physical, Social, and Economic Programs

Through the merger, the Community Development Agency can then produce stronger economic development and social service programs than are currently available in the City. It can do this by linking these programs to the spin-off benefits generated by activities in physical renewal and development.

For example, the programs to be consolidated under federal community development legislation include such former categorical grant programs as urban renewal, code enforcement, open space, and public works.⁷ While these are commonly referred to as "physical" programs, in actuality they involve many economic and social spin-offs, such as increased employment and investment opportunities that are generated when land clearance and new development occur under urban renewal. To fully capture these spin-offs requires supplementary social and economic programs in addition to those provided by the Redevelopment Agency. These include services, such as technical assistance to small businessmen, job training programs, and senior citizen recreational and employment programs, which can be linked to the social and economic opportunities created by physical renewal.

With this type of program integration, there can then be backward and forward linkages between physical and social programs so that each type profits from the spin-off benefits of the other. Moreover, it avoids the piece-meal impacts that occur when individual programs operate in isolation of each other.

The Redevelopment Agency has long incorporated social service and economic development linkages to its physical and renewal activities. It proposed and drafted the first model cities program for Oakland nearly ten years ago. Expanding its operations as a Community Development Agency, it will be able to follow through on a long held interest to improve and strengthen social and economic programs.

3. Stronger Program Linkages between Public Agencies

Another asset of the merger will be a strengthening of productive relationships between various City departments and public agencies. The Redevelopment Agency has considerable ongoing experience in establishing and maintaining program linkages with a variety of local agencies. As the Community Development Agency, it will be able to expand and reinforce these linkages.

⁷ Listed in detail in Appendix A, Survey and Analysis of Pending Federal Legislation on Community Development, National Association of Housing and Redevelopment Officials

4. Greater Cooperation from Private Enterprise

The Redevelopment Agency can bring to the Community Development Agency greater leveraging of support from the private market in its community development activities.

The consolidated physical improvements to be accomplished under the federal community development program will undoubtedly stimulate increased private business and real estate activity. It is extremely important that the Community Development Agency have the avenues and abilities to conduct flexible working relationships between public agencies and private enterprise, so as to maximize input from the private sector in stimulating major investments for economic growth.

These types of relationships are an integral part of the existing program functions of the Redevelopment Agency. Its long standing success in coordinating effective working relationships between the public and private sectors will help to ensure provision of community development programs that draw upon all segments of the city's resources.

B. ESSENTIAL ORGANIZATIONAL OBJECTIVES

The proposed Community Development Agency will meet the following organizational objectives.

1. Provide the Mayor and City Council with a comprehensive analysis of the multiple physical, social, and economic problems affecting Oakland communities and show how available public and private resources can be mobilized and applied to general upgrading under a rational and responsible decision making process.
2. Provide greater coordination of programming and development operations among City, county, state, and federal agencies.
3. Provide more efficient planning and utilization of program resources through reliable mechanisms for administrative and budgetary control and program evaluation.
4. Ensure more effective and innovative delivery of integrated physical, social, and economic programs for neighborhoods.
5. Ensure full participation by citizen advisory committees in the formulation of policy and program activities.
6. Provide more productive returns from the tax dollar by using federal funds to attract other public monies and leverage maximum economic spin-offs in the private sector.

C. OVERALL PROGRAM GOALS

The above organizational objectives will meet the following program goals:

1. Provide maximum assistance to residents for the total physical, economic, social, and cultural development of their communities and neighborhoods.
2. Utilize all available housing programs to meet the varying residential needs of neighborhoods, including new development, rehabilitation, and conservation, with special attention to the housing needs of low and moderate income households.
3. Increase employment and income opportunities so as to bring about maximum employment at adequate income levels for all residents.
4. Provide a wide range of human services to residents, with particular attention to the needs of those who are disabled and those who require special personal assistance to become self-supporting.
5. Strengthen the capacity of community commercial and industrial establishments to become self-sustaining by utilizing a variety of economic development programs to assist businessmen to expand their trade volumes and productivity.
6. Assist community educational, religious, and civic institutions in the improvement of their physical facilities and social service activities.

III - ADMINISTRATIVE STRUCTURE AND PROGRAM DELIVERY

In accord with the above framework, the proposed Community Development Agency will operate under a tight management system that eliminates program waste and duplication and ensures full program delivery to meet varying needs in the city. This management system will have five basic operating divisions as well as supporting administrative services.

The basic operating divisions include: Program Development, Economic Development, Human Services and Relocation, Housing and Physical Development, and District Programs and Services. Program Development, Economic Development, Human Services and Relocation, and Housing and Physical Development will be responsible for obtaining, coordinating, and managing program resources for delivery to city districts and neighborhoods. The District Programs and Services Division will be responsible for the delivery process. It will assign a District Coordinator to each of eight districts in the city to work with community groups and tailor program resources to meet specific needs of individual neighborhoods.

Supporting administrative services include: Fiscal, Evaluation and Monitoring, Legal, Community Relations, and Personnel. The Fiscal and Evaluation and Monitoring units will assist the Executive Office in maintaining budgetary and administrative control over the divisions.

There will be close interaction between all the divisions, with the District Programs and Services Division drawing upon the others for staff and technical support. A description of each division and how it will interact with the others is provided below.

A. PROGRAM DEVELOPMENT

This division will act as a funnel to apply for and coordinate funding from federal, state, and foundation sources for community development programs. It will identify relative needs and priorities, expedite inflow of program resources, and provide for equitable distribution of program resources among the different districts and neighborhoods of the city. Its specific work activities include: needs assessment and program planning; information gathering on program resources; application processing; and programming for implementation.

1. Needs Assessment and Program Planning

Program Development will conduct three basic types of pro-

gram planning activities to assess needs and assign priorities among city districts and neighborhoods. These include: a five-year policies statement, a two-year citywide allocation statement, and a one-year development budget. These program plans will be developed within the parameters of the City's General Plan, and thereby complement the general planning activities of the City Planning Department. The policies statement will project needs and priorities among the city's districts and neighborhoods over a five-year future and serve as a conceptual framework for the allocation statement and development budget. The allocation statement will schedule Community Development Program activities by geographical area and service need over a two-year period, while the development budget will specify annual program expenditures.

2. Information Center on Program Resources

Based on citywide criteria of developmental needs, Program Development staff will compile and house a comprehensive inventory on all public and private programs available for City use. It will investigate and update information on these programs' current funding status, eligibility requirements, application procedures, and current use status. This information will be made available on a periodic basis and upon request to City officials and other interested local agencies and organizations.

3. Application Processing

In conjunction with the above activity, Program Development will implement the necessary procedures to apply for and tap a wide variety of program resources. It will seek out funding sources and process applications to tap funds as required by citywide and neighborhood interests. Funding sources will include the housing and community development programs under the Department of Housing and Urban Development (HUD), programs from the Department of Health, Education and Welfare (HEW), the Office of Economic Opportunity (EDA), other federal agencies, and programs under state and county agencies and private foundations. While the primary purpose of this application processing is to fund programs operated by the Community Development Agency, it can be a general City service available to City departments, local agencies, and other organizations qualifying for federal, state, or foundation assistance.

4. Programming for Implementation

After funding is received for community development programs, Program Development staff will work closely with staff from other divisions to help schedule and refine programs for

implementation. Neighborhood planners from Program Development will be assigned to District Coordinators to assist in planning program activities for district neighborhoods and help devise appropriate strategies and organizational mechanisms for implementation.

B. ECONOMIC DEVELOPMENT

1. Primary Responsibilities

This division will be responsible for leveraging private enterprise participation in community development programs. It will have strong staff capabilities for arranging attractive investment opportunities for private business firms and financial institutions in community development programs. These investment arrangements will be designed for large, middle-sized, and small investors as required by the specific development objectives of a given program.

Specific division work activities include: working with private enterprise on investment proposals designed to provide maximum employment and growth opportunities for the city; technical assistance to small businessmen, minority firms and non-profit economic development corporations; and developing equity participation programs so that residents can share in the ownership of new investments created through community development.

The division could also serve as an incubator for manpower programs by linking the job opportunities created through its economic development projects to local manpower and job training programs. A further function of the division will be to lend assistance on research and promotional efforts on the investment potential of Oakland.

2. Economic Development Corporation

An economic development corporation will serve as an implementation arm of the Community Development Agency. It will operate as a delegate agency designed: to prepare loan and equity investment proposals for industrial and commercial developments; to provide loans and equity investment capital for these proposals; and to provide managerial assistance and seed capital for improving opportunities for minority and small businesses.

C. HUMAN SERVICES AND RELOCATION

1. Primary Responsibilities

This division will be responsible for coordinating and managing social and human service programs provided through the Community Development Agency. These may include: day care centers, senior citizen programs, Headstart, consumer advisory services, relocation, drug rehabilitation and other programs dealing with the human well being of city residents.

In designing programs and securing funding, Human Services and Relocation staff will work closely with social planners from the Program Development Division. When the programs are ready for operation, they will come under direct Human Services and Relocation administration. Like other divisions, Human Services will provide technical assistance to District Coordinators. It will make staff available to them for operating social programs in neighborhood areas as required by specific neighborhood needs in a given district.

2. Program Management and Delegation

The Human Services and Relocation Division will administer its programs in two basic ways: direct management or delegation. "Direct management" programs will include programs in which the Community Development Agency has strong operating capabilities, such as relocation. Delegate programs comprise those funded by the division for operation by outside agencies and organizations. This is similar to the way Model Cities and the Community Action Agency administer their day care centers, senior citizen services, and other social programs. The purpose of delegation is to increase the division's capacity to use experienced resources of other organizations and avoid program duplication in meeting human services objectives.

D. HOUSING AND PHYSICAL DEVELOPMENT

1. Primary Responsibilities

This division will be responsible for implementing the housing and physical development programs provided by the Community Development Agency. It will consist of several distinct technical units: Real Estate, Housing, Engineering, Architectural Design, and Rehabilitation. Major programs to be implemented by the division are the housing and community development programs under HUD. The broad scope of these programs will require strong capabilities in all aspects of urban renewal and

development, including land acquisition and clearance, new residential construction, rehabilitation, public improvements, open space, and urban design. Effective performance on these activities will not only require close interaction among the different units in the division, but also a close working relationship between them and other public agencies, City departments, residents, private developers, and nonprofit housing corporations.

In addition to the above responsibilities, the Housing and Physical Development Division will join Program Development, Economic Development, and Human Services and Relocation in providing staff support and technical assistance to the District Coordinators. This combined staff support from all the divisions to the District Coordinators is essential to providing integrated physical, social, and economic services to neighborhood areas, and fully capturing the social and economic spin-offs from physical development.

2. Housing Information Center

As a major part of its staff support to District Coordinators, the Housing and Physical Development Division will provide a comprehensive set of housing advisory and assistance services for neighborhood residents. Since the division will be operating as a clearinghouse for all housing activities engaged in by the Community Development Agency, it will have continuing access to a wide variety of information dealing with the provision of federally sponsored housing, and technical staff specializing in all aspects of housing rehabilitation and construction. These informational and staff resources will be organized to provide the comprehensive advisory services directly to neighborhood residents through district centers.

Specific services include: information on the availability of federally sponsored housing, including FHA and VA repossession; information on private investment opportunities in housing; counselling services for renters and homeowners; technical assistance; fair housing information; and other forms of aid to housing consumers. Data for the informational services will be made available to the districts on a continuing updated basis, and staff for technical assistance will be made available as requested by District Coordinators.

3. Housing Development Corporation

A housing development corporation will serve as an implementation arm of the Community Development Agency. It will operate as a delegate agency designed: to provide technical assistance, seed capital loans, and grants to nonprofit housing sponsors; and

to sponsor, aid, and assist in the acquisition, construction, and rehabilitation of housing units.

E. DISTRICT PROGRAMS AND SERVICES

This division is the channel for delivery of Community Development programs and services to neighborhood areas. The basic unit in this delivery process is the community district. It is estimated that ten such districts are needed for the City to provide for efficient economies of scale and adequate citizen participation. At this scale, each district will have about 30,000 to 50,000 residents and about four to six neighborhoods. A District Coordinator will be assigned to each district. A description of the primary responsibilities of the coordinators and the types of programs and services to be provided at the district level are given below.

1. District Coordinators

District Coordinators will be responsible for coordinating all Community Development program activities operating in her or his particular district. They will work with citizen advisory committees in planning neighborhood programs and will ensure effective operation and performance of these programs. District Coordinators will be supported by staff from the other divisions and will arrange for the flow of staff support as required by citizen requests and program needs. Also, the District Coordinator's office will help residents obtain assistance resources provided by City departments and other public agencies. Since the solutions to many neighborhood problems will require assistance from agencies other than the Community Development Agency, the Coordinator can act as a liaison agent for tapping the resources of these agencies to meet specific neighborhood needs.

2. Provision of District Programs and Services

The types of programs and services to be provided at the district level can be divided into three components: Information and Assistance Services; Development Programs; and Supplementary Programs.

a) Information and Assistance Services

This program component will provide neighborhood residents with a wide range of informational, referral, and direct assistance services. It will collect and make available to residents information on activities conducted by the Community Development Agency, City departments, other public agencies, and private developers in the dis-

trict area. These include the comprehensive set of housing advisory and assistance services made available to the district centers by the Housing Information Center mentioned under Housing and Physical Development.

When residents seek assistance not provided by the Agency, the Coordinator and his staff will help them determine where such assistance can be found and follow them through the necessary procedures to obtain assistance. This component would also be concerned with projects to solve special neighborhood problems, such as stray dogs and abandoned cars. These efforts will be organized by the District Coordinator working with neighborhood groups to seek and carry out effective solutions of these problems.

b) Development Programs

Development programs consist of major projects funded by the Community Development Agency for delivery to district areas. They would include such programs as residential, commercial, and industrial rehabilitation, urban renewal projects, new housing development, day care centers, and other projects. The District Coordinator will be responsible for working with citizen groups to plan, obtain, and oversee these projects. They will respond to residents' questions and grievances concerning the on-site performance of the projects and work with appropriate staff from other divisions to help tailor projects to satisfy specific resident concerns.

c) Supplementary Programs

These consist of programs provided by outside agencies and organizations in conjunction with the Community Development Agency. Since other agencies are planning and carrying out programs within each of the districts, the District Coordinators will be working with these agencies to ensure proper coordination with Community Development operations. Joint programs may be established with such organizations as Oakland Public Schools, Oakland Housing Authority, and churches. This type of linkage between non-duplicating programs will be sought and fostered by the District Coordinators. When a joint program is agreed upon between the Community Development Agency and another agency, the Coordinator will make the program an integral part of the Community Development neighborhood delivery process.

F. ADMINISTRATIVE SERVICES

These consist of several self-contained units under the general direction of the Executive Director. They include: Legal, Fiscal, Community Relations and Affirmative Action, Personnel, and Evaluation and Monitoring. Of special importance are the Fiscal and Evaluation and Monitoring units.

Fiscal will be responsible for managing all revenues and expenditures of the Agency and ensuring that its operations are conducted according to sound principles of financial management that serve to protect the fiscal integrity of the Agency. Closely linked to its activities will be those of Evaluation and Monitoring. This unit will analyze the effectiveness of the Agency's administrative and program operations in meeting stated goals and objectives. It will work closely with division chiefs in setting up performance objectives and program goals and measure the extent to which these objectives and goals are achieved. Based upon this assessment, it will recommend to the Executive Director adjustments and improvements in the administrative structure and program delivery system as required by changing needs and priorities.

IV - POLICY LEADERSHIP AND CITIZEN PARTICIPATION

The Community Development Agency structure will place primary responsibility for Community Development policy decisions with the Mayor and City Council. Agency Commissioners will be responsible to the Mayor and City Council for recommending policies, priorities, and programs and for program implementation. Community Development Agency staff will work with citizen advisory committees to obtain effective citizen input into policy recommendations which the Agency Commissioners present to the Mayor and City Council. The Community Development Agency Director will be responsible for coordinating Agency recommendations with the City Manager. Thus, the Mayor and City Council will be able to determine overall Community Development policy through a process of mutual interchange with Agency Commissioners, citizen advisory committees, the Agency Director, and the City Manager.

This chapter describes the role of each major element in the Community Development Agency's policy making system and shows how the policy review process will ensure public accountability of the Community Development Agency.

A. ROLE OF ELECTED OFFICIALS

1. The Mayor

The Mayor, the chief elected officer of the City, will be the leading promulgator of Community Development policies. The Mayor provides leadership to the people and marshalls public interest for all programs affecting the physical, economic, social, and cultural development of the City. The Mayor may propose and recommend changes in Community Development policy to City Council. In working with City Council members at the community district level, the Mayor will join Council members in aiding selection of representatives on the citizen advisory committees and may work with these representatives in shaping Community Development policy at the neighborhood level.

2. The City Council

As the decision making authority over Community Development policy, the City Council will have the greatest responsibility for the overall accomplishments of the Agency. It will be accountable to the citizenry for meeting the broad commitments of Community Development.

The Community Development Agency will be authorized by ordinance of the City Council. The City Council will establish overall goals for the Community Development Agency. Council members will be actively involved in shaping Community Development policy with their constituencies in the community districts. They, along with the Mayor, will aid in selection of citizen advisory committee representatives and will be kept fully informed on Community Development activities.

B. ROLE OF APPOINTED OFFICIALS

1. The City Manager

As the chief administrative officer of the City, the City Manager will have an integral role in the Community Development policy process during all phases. The Community Development Agency Director will coordinate with the Manager on all issues requiring joint working relationships between City departments and the Agency's staff. In working with the City Manager, the Agency Director will shape program operations in a manner that is consistent with and supportive of the City Manager's responsibilities for administrative and fiscal management of City affairs.

2. Community Development Agency Commissioners

The Commissioners will be responsible for establishing management policies and program priorities of the Community Development Agency. They will determine Community Development policy initiatives and decisions within the parameters set by the Mayor and City Council. In addition to management control over the Agency, the Commissioners will actively work with citizen advisory committees. At the district level, Commissioners will parallel the Mayor and City Council in working with citizen groups to gain broad public consensus on Community Development policies and programs.

C. ROLE OF CITIZEN PARTICIPATION

1. Guidelines for Citizen Participation

The active involvement of residents in shaping Community Development policy is indispensable for ensuring public accountability for the Community Development Agency's actions. Not only is their involvement required by federal statute, it is in the City's interest to effectively seek advice and participation -- for such participation is often the ultimate factor governing the success of programs.

In light of these considerations, formation of the Community Development citizen participation structure should meet the following guidelines:

- a) give adequate representation to residents from all community districts and neighborhoods in the City,
- b) ensure that this representation includes residents whose needs are the main focus of Community Development programs,
- c) ensure that residents of each district have a voice in the selection of their district representation,
- d) establish procedures to ensure that district representatives and residents will be adequately and timely informed of Community Development planning and program activities affecting their respective districts,
- e) provide staff support to assist district representatives in their review of, and recommendations for, Community Development policies and programs.

2. Community Development District Advisory Committees

In accord with the above guidelines, this report recommends District Advisory Committees as the official structures for citizen participation. Each district in the City -- Elmhurst Seminary, Fruitvale, San Antonio, Downtown, West Oakland, North Oakland, Claremont Hills, Montclair, and Skyline -- would be represented by a District Advisory Committee. The Hill Districts are included at this beginning stage in order that a structure be established for citywide communication and commitment to Community Development goals. When the Community Development Agency is fully operational, the Hill Districts could be divided into several sub-districts in order to reflect the geographic and community diversity within the Hill area. Members of the District Advisory Committees would represent citizens within their respective districts and would provide input into the Community Development policy review process. Following are recommendations on membership, selection procedures, and staff support for the District Advisory Committees.

a) Membership Guidelines

To ensure full representation for each district, it is recommended that a District Advisory Committee member be

selected geographically from each neighborhood in a given district and also from institutional areas of district life, including civic associations, business associations, school organizations, and religious institutions. The sizes of the District Advisory Committees will depend on the number and strength of existing neighborhood organizations in a given district and on a neighborhood's capacity to develop an organization. Total membership would be at a size where each committee can work effectively for policy review.

b) Selection Procedures

Selection procedures for filling membership positions on the District Advisory Committees are designed to meet the above membership guidelines and give citizens voice in the selection process. Accordingly, the core of the committees' membership would come from the officers of residential and business organizations that are established and active in the district. The balance may be appointed jointly by these officers and the Mayor and City Council.

It is recommended that the District Advisory Committees be organized in the following manner. An elected officer from each established residential and business organization in a district will be automatically appointed to the District Advisory Committee to serve for the term of office in his or her respective organization.

Since these officers from established organizations are not likely to cover all geographical and institutional areas in a given district, it is recommended that they, in consultation with individual City Council members representing their district, appoint persons to fill the remaining committee slots. These remaining members would be selected in accordance with the membership guidelines and would serve terms not less than two years.

c) Staff Support for District Advisory Committees

The District Coordinators will provide sufficient staff support for the District Advisory Committees. Each District Coordinator will develop a close working relationship with a District Committee in a manner that provides effective response to the needs of district residents. This involves keeping committee members informed on all Community Development activities occurring in the area, seeking their advice in all phases of policy formulation and program execution, arranging and scheduling facilities

for board meetings and conferences, and rendering other assistance to support District Committee members in the execution of their responsibilities as official citizen representatives of the district.

3. Citywide Citizen Participation

While most citizen input into the Community Development policy review process occurs at the district level, from time to time it may be useful to convene meetings between two or more District Advisory Committees to discuss problems of joint district or citywide concern. These meetings may be called by the City Council, Agency Commissioners, or chairpersons of the District Advisory Committees, and are expected to be an integral part of the overall citizen participation process.

4. Role of Other Citizen Groups

Oakland is benefited by having various citizen organizations at a citywide level that can be of invaluable assistance in the Community Development citizen participation process. The Community Development Agency will work with these organizations in the furtherance of Community Development objectives.

D. POLICY MECHANISMS FOR PUBLIC ACCOUNTABILITY

The mechanism for ensuring public accountability of Community Development policy will be a cyclical review system for obtaining approval of Community Development Agency activities. This system will begin and end with the policy actions of the City Council.

The City Council will provide general direction and final review and approval on Community Development policy. Within this overall framework, the City Manager and the District Advisory Committees will provide input into the policy and program recommendations which the Community Development Agency Commissioners present to the City Council. The City Manager will help shape recommendations through his coordination activities with the Agency Director. The District Advisory Committees will work through Agency staff to provide effective citizen input into recommendations. Based upon this input, Agency Commissioners will formulate policy and program recommendations for presentation to the City Council. The City Council will make the final decision on the Commissioners' recommendations and give direction to the Commissioners on future Community Development programs. The City Council's final decision making authority will thereby maintain public accountability of existing and future Community Development policy.

V - TRANSITION AND CONSOLIDATION

Establishment of the Community Development Agency structure will require a period of transition. This period is necessary to provide adequate time for accomplishing the legal and administrative tasks of consolidating Model Cities, the Community Action Agency, and the Redevelopment Agency within the parameters of the City Charter and State and Federal Law. This chapter describes and recommends the legal and administrative mechanisms for consolidation and gives a recommended sequence for carrying out transitional activities.

A. RECOMMENDED MECHANISMS FOR CONSOLIDATION

1. Creation of Community Development Agency

The transition period would begin with City Council approval of this concept paper for Community Development. Upon approval, the next step would be for City Council to adopt an ordinance creating an interim Community Development Agency.

The Community Development Agency created by City Council Ordinance would be a transitional structure until administrative consolidation is completed under State Law. As indicated earlier, a key feature of this proposal is the combining of Redevelopment Agency programs with those of Model Cities and the Community Action Agency. The redevelopment function is distinctive in that it is a creation of State Law (California Community Redevelopment Law, the Health and Safety Code §§33000). There are bills presently before the California Legislature which will enable redevelopment agencies to carry out community development activities on a citywide scale. The present State Law empowers agencies to provide redevelopment and relocation assistance and to plan for community development programs. However, it does not permit them to carry out community development programs on a citywide scale. Also, it does not permit the redevelopment process and responsibilities to be assigned to another public agency. Hence, the transitional structure is needed while revisions to the present State Law are being obtained.

The method for forming the transitional structure is to create, by City Ordinance pursuant to the City Charter, a new Community Development Agency having the same number of commissioners as State Law provides for the Redevelopment Agency. The individuals serving as Redevelopment Agency Commissioners would then be appointed to serve as commissioners of the new

Community Development Agency. In this way, the Redevelopment Agency can provide staff for the Community Development Agency and supply the continuity of administration, programs, and outlook for following through on the basic goals of Community Development stated in this proposal.

The transitional structure would be responsible for making the new Community Development Agency fully operational. This includes reorganizing existing program and staff functions of the Redevelopment Agency, preparing for effective merger of staff and viable program operations from the Community Action Agency and Model Cities, and taking other administrative actions necessary to achieve the broad organizational and program goals of Community Development.

The ordinance creating the Community Development Agency would provide a sound basis for accomplishing transitional activities. It would provide clear, broad guidelines as to how and why a Community Development Agency should function, and would allow flexibility in administration to accomplish these goals. Also it would be necessary to stage the merger of Model Cities and the Community Action Agency according to a phase-in schedule so that the Community Development Agency has sufficient time to satisfy the various legal and administrative conditions for completing the merger.

Recommendation: That the Community Development Agency Ordinance be drawn up in a manner that enables accomplishment of the necessary tasks of reorganization and merger and provides for a Community Development structure meeting the basic organizational and program goals of this proposal.

Recommendation: That the Mayor and City Council, in approving the Community Development Ordinance, provide for a phase-in schedule for meeting the necessary administrative and legal conditions of merging selected program operations from Model Cities and the Community Action Agency into the Community Development structure.

2. Community Development Transitional Structure

During the phase-in period, the Community Development Agency will be engaged in those activities necessary to establish its administrative structure. Major issues during this period include: completing legal consolidation under State Law and conforming to the Economic Opportunity Act (EOA) requirement regarding selection of the poor on Community Action Agency (CAA) boards. Below is a description and recommendation on each of these issues.

a) Completing Legal Consolidation Under State Law

To complete consolidation of the Redevelopment Agency and the Community Development Agency into a single structure, there are two alternatives available.

- (i) Presently before the State Legislature are a number of bills creating community development agencies which would permit the joint exercise of redevelopment and community development functions. Since there does not appear to be any opposition to the basic concept underlying the bills, there are good prospects that one of them will be passed. Upon passage of such a bill, the City Council could designate the community development agency authorized under the bill to replace the interim Community Development Agency. The present Redevelopment Agency Members would then become commissioners of the new Community Development Agency, capable of handling all of the community development programs through a single entity.
- (ii) If during this interim period such legislation is not approved, a simple amendment to present State Redevelopment Law can be obtained to allow the Redevelopment Agency to perform community development activities by contract with the expressed permission and upon the conditions set forth by the City Council. This would be similar to the legislative change two years ago which enabled the Redevelopment Agency to undertake citywide relocation as a centralized relocation agency for the City with Council authorization.

Recommendation: That the Mayor and the City Council, upon the approval of this paper, direct the interim Community Development Agency or the Redevelopment Agency to support and secure one of the above stated legislative changes so as to complete legal consolidation of the Community Development Agency.

b) Representation of Poor on Community Action Agency

By absorbing the Community Action Program, the Community Development Agency will serve as the Community Action Agency for Oakland and must comply with Economic Opportunity Act requirement for representation of the poor on the CAA administering board. Section 211 (b) (2) of the Economic Opportunity Act specifies that "at least one-

third of the governing or administering board (of the CAA) must be made up of democratically selected representatives of the poor; that is, the residents of the areas and members of the groups the Community Action Program is intended to serve". The transitional Community Development Agency, proposed to consist of existing Redevelopment Commissioners, would not meet the requirement. Therefore, the transitional structure will not conform to this federal requirement.

One way to obtain conformance would be to recognize a separate administering board for Community Action programs which would include the needed community representatives. This board would in turn relate to the Community Development Agency in an advisory capacity. Alternatively, the City could seek federal adjustment of the requirement in light of the extensive community participation framework outlined in this proposal. It appears that one or both of these alternatives would be sufficient to enable the City to meet the Economic Opportunity Act requirement and enable effective integration of Community Action Program operations into the Community Development Agency structure.

Recommendation: That the Mayor and City Council direct the Community Development Agency in consultation with Community Action Agency to propose a feasible method to accomplish the legal and administrative integration of Community Action Program into the Community Development Agency structure for City Council review and approval.

3. Review and Evaluation of Community Development Structure

When the merger of the Redevelopment Agency, the Community Action Agency, and Model Cities is completed, the Community Development structure will become fully operative. During the period of consolidation and merger, the Executive Director will meet with the City Manager to arrange for timetables and procedures to coordinate Community Development programs and services with ongoing City programs and services. Also, the Community Development Agency will periodically submit to the Mayor and City Council reports on program accomplishments. When consolidation is completed, it will prepare a summary report which thoroughly evaluates program accomplishments of the Community Development Agency as an interim structure and which projects budget needs of the Agency as a fully consolidated structure. This report will provide the Mayor and City Council with the basis for a full review and assessment of the Community Development Agency's performance as a consolidated structure.

B. RECOMMENDED SEQUENCE FOR TRANSITIONAL ACTIVITIES

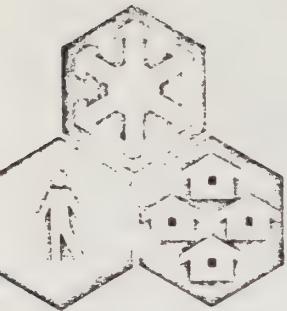
1. Mayor and City Council review concept paper.
2. Citizens groups are provided opportunity to review and make recommendations on proposed Community Development Program.
3. The City Council approves ordinance, creates interim Community Development Agency and directs it to prepare a transitional program.
4. The City Manager and Executive Director meet on the procedures and timetable for consolidation of Model Cities and the Community Action Agency with the Redevelopment Agency and to provide for the procedures resulting in ongoing coordination of City and Community Development Agency programs and services.
5. Agency completes preparation of transition year program, including organizational plans for integration of the Community Action Agency, Model Cities and Redevelopment Agency into Community Development structure.
6. Mayor and City Council approve transition program and adopt its policy recommendations.
7. Agency begins organization of Community Development District Advisory Committees.
8. Staff transition and merger of the Community Action Agency and Model Cities into Community Development as well as reformulation of Community Development Agency through State Legislature change to absorb functions of Redevelopment Agency into Community Development Agency or to allow Redevelopment Agency to absorb Community Development Agency functions by contract to the City.
9. Complete organization of District Advisory Committees.
10. Agency prepares comprehensive report evaluating program accomplishments during consolidation and projecting work program for coming year.
11. Mayor and City Council review program accomplishments during consolidation and approve work program for coming year.

APPENDIX A

SURVEY AND ANALYSIS OF PENDING FEDERAL LEGISLATION ON COMMUNITY DEVELOPMENT

1. Statement by Mr. John B. Williams, President, NAHRO
2. Statement by the NAHRO Board of Governors
3. Status of Major Housing and Community Development Legislation
4. Analysis of Community Development Block Grant Proposals of Pending Legislation
5. Fiscal Year 1975 Appropriations, Department of Housing and Urban Development

national association of housing and redevelopment officials



JOHN B. WILLIAMS
PRESIDENT

JACK H. SHIVER
SENIOR VICE-PRESIDENT

VIRGINIA S. WEST
VICE-PRESIDENT

WILLIAM Y. NISHIMURA
VICE-PRESIDENT

June 14, 1974

Mr. Robert L. Hamilton, Chairman
Redevelopment Agency of the City
of Oakland
1333 Broadway, Suite 400
Oakland, California 94612

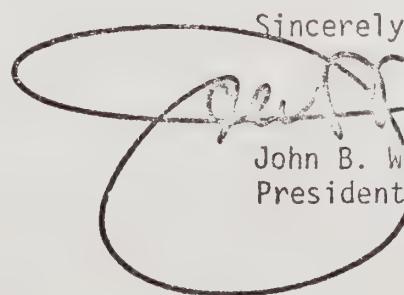
Dear Mr. Hamilton:

In my capacity as President of the National Association of Housing and Redevelopment Officials (NAHRO), I am providing the attached materials from the NAHRO Information Center on Community Development. The materials give an updated summary, analysis, and evaluation of community development legislation currently under consideration in Congress.

Representing public officials from over 850 communities with active renewal programs, NAHRO has a vital interest in the community development legislation. NAHRO's overall evaluation is that the emergence of a more comprehensive community development approach will be a significant advance over the separate programs which the Federal Government has supported for many years. At the same time, we should recognize that unless the community development program receives strong and continuing federal funding support, it will not deliver the benefits advanced on its behalf.

So far the funding record for existing programs during this transition period is very poor and threatens to cripple the entire assemblage of federal urban programs. Strong local efforts to ensure adequate federal funding are critical to the establishment of a successful community development program.

Sincerely,


John B. Williams
President

NAHRO CALLS FOR IMMEDIATE RESPONSIBLE ACTION

to forestall collapse of
housing and community development
and to
strengthen a faltering national economy

The Board of Governors of the National Association of Housing and Redevelopment Officials, at a meeting on April 19, 1974, declared that immediate, responsible action should be taken to forestall a virtual collapse of the national effort for better housing and community environment. Such action should be undertaken in concert with efforts to strengthen the health of the faltering national economy.

The NAHRO Board urged the restoration and expansion of federal activity in housing and community development as an immediate response to the nation's deepening economic slump and continuing problem of sustained unemployment, noting that the prime cause of the economic downturn is reduced housing starts. This reduction is due not only to tight money and high interest rates, but also to the federal moratorium on assisted housing programs. These programs accounted for about one-fourth of all housing starts in the record-breaking production year of 1972. To counter this downturn requires that a *full* level of activity in existing housing and community development programs be authorized and implemented in the new fiscal year beginning July 1.

As a framework for responsible action, the NAHRO Board supports the passage of a program extension bill for fiscal year 1975 along the lines of the one now cleared by the Senate Committee on Banking, Housing and Urban Affairs (The Emergency Housing Finance Act of 1974)—or the passage of a substantive housing bill that provides for a full level of activity under existing federally-assisted programs in fiscal year 1975, concurrent with a period of testing or initial implementation of proposed new program approaches. In this connection, the Board cited favorably the approach and generally supported the provisions contained in the Housing and Community Development bill (S3066) passed by the United States Senate on March 11. In contrast, it expressed extreme concern over the legislation apparently emerging from the subcommittee on housing of the House Committee on Banking and Currency and strongly advocated a reversal and/or substantial modification of provisions in this proposed bill.

The NAHRO Board urged that, if, by early June, satisfactory substantive legislation does not appear likely, the Congress pass an extension bill for fiscal year 1975.

As an essential supporting effort, the NAHRO Board called for early, responsive action by the Appropriations Committees of the Congress to establish full levels of federally-assisted program activity for the new fiscal year beginning on July 1, in order to carry forward a national commitment to housing and community development needs.

NAHRO recommends the following program levels for FY 1975:

Traditional Public Housing (including the existing Section 23 Leasing Program):

New contracts—200,000 new units

Operating subsidies for existing program—550 million dollars

Modernization authority—40 million dollars

Demonstration of Revised Leasing Program—50,000 new units

Section 236 Rental Housing (Section 502 of Senate bill S3066)—150,000 new units

Section 235 Homeownership (Section 402 of the Senate bill S3066)—150,000 new units

Section 202 Elderly Housing—10,000 new units

Community Development Programs:

Title I urban renewal—1.3 billion dollars

Section 312 rehabilitation loans—150 million dollars

Model Cities Program—500 million dollars

FULL TEXT OF THE APRIL 19, 1974 STATEMENT OF THE NAHRO BOARD OF GOVERNORS

The State of the National Effort and the Economy

In April 1974, the national commitment to attain "a decent home in a suitable living environment for every American family," boldly set forth 25 years ago in the Housing Act of 1949, is foundering to a point of complete collapse. The record of the last three years—one of slow-downs, suspensions, terminations, and fund withholdings in federally-assisted housing and community development programs—has brought the national effort to a virtual standstill.

At the same time, the national economy is hovering at the point of a serious recession: the gross national product, the level of housing construction starts, and the development activity stimulated by federally-assisted housing and community development programs are all in decline. While the Administration's anti-inflation policies supporting tight credit and high interest rates and its 18-month moratorium on existing housing programs are restraining an expansion of housing and community development activity, no special actions are currently being proposed by either the Administration or the Congress to utilize a programmed expansion of such activity to counter the deepening economic slump. The economic activity generated by such an

expansion reflected in employment, goods, and services could be a major factor in preventing a serious recession.

Most seriously, a rapidly growing number of American families, in particular those of low and moderate income, are being squeezed by unrestrained inflation on the one hand and a limited choice of housing on the other. Especially hard hit are the elderly and the handicapped, but also the large and blue-collar working family. The 1970 Census of Housing shows that at least one-fourth of the nation's households (15 million families) live in housing that is dilapidated, overcrowded, lacking basic plumbing facilities, or requiring them to pay 25 percent or more of their incomes for rent. This is exclusive of housing that, while not having the above deficiencies, is located in neighborhoods with poor environmental conditions or lacking basic supporting facilities and services.

Existing federally-assisted housing and community development programs are specifically aimed at bringing redress to these critical needs. Generation of new activity under these programs in the fiscal year immediately ahead could also provide important stimulus to prevent an economic recession.

Pending Substantive Legislation: Senate and House

Radical Change Without Transition: The Housing and Community Development bill passed by the *Senate* on March 11 would recognize the need for immediate action by reforming and extending existing programs for community development and assisted housing in fiscal year 1975, at the same time moving toward the implementation of a new block-grant community development plan and the testing of a revised Section 23 leasing program. In contrast, the bill pending before the *subcommittee on housing of the House Committee on Banking and Currency* would abruptly interrupt the existing housing and community development programs, moving to untested, and radically different, programs offering no guarantee of success.

The Community Development Programs: The *Senate bill* would authorize the implementation of a new community development block grant program that recognizes the proven capacity of local communities with experience and that targets federal assistance to the elimination of slums and blight and the development of housing for low- and moderate-income families. The *House bill* approach could divert the limited resources of federal assistance to areas or localities that have needs of lesser priority or have not responded to their community development needs in the past, at the expense of communities that have urgent, priority needs. The proposed *House bill* would arbitrarily substitute a mechanistic and inequitable formula for the distribution of federal funds based on inadequate census data, rather than on a local community's evaluation of its needs including condition of housing, condition of public facilities, economic status, changes in population, and the social and economic characteristics of its population. Likewise, the proposed *House bill* has inadequate safeguards to assure that the bulk of federal money will be spent to improve blighted or declining neighborhoods.

NAHRO believes that to maintain momentum in local community development efforts, any new block grant program should have a distribution system for federal assistance close to the immediate past experience, while at the same time opening the

program to new demonstrations of need and interest by communities not currently undertaking program activity.

With respect to housing rehabilitation, the *Senate bill* retains the Section 312 rehabilitation loan program separate from the block grant, with modifications yielding increased flexibility. In addition, rehabilitation activities remain eligible expenditures for block grant funds in conjunction with other assisted activities. This increased flexibility would be lost under the proposed *House bill*, which consolidates the Section 312 program within the block grant, thus limiting potential sources of funding for these purposes.

Housing Assistance Programs: The *Senate-passed bill* would reform and extend at meaningful levels the traditional public housing program approaches, the Section 235 homeownership (Section 402 in the bill), the Section 236 rental program and rent supplements (Section 502 in the bill) to assure no loss of momentum in providing housing for low- and moderate-income families. At the same time, it would initiate a large-scale demonstration effort involving a revised Section 23 leasing program. The *proposed House bill* would retain the existing federally-assisted housing programs in the statutes but would provide no funds for new activity under them. Instead, it would authorize over 1 billion dollars in new contract authority for a single housing assistance program (a different version of a revised Section 23 program), which would radically alter the traditional distribution patterns and techniques of federal assistance, as well as the traditional relationships between private and public housing developers, and between owners and tenants. The proposed new program would provide only limited attention to very low-income families most in need of housing assistance at the same time as it leaves the low-income public housing program in limbo.

NAHRO believes that slow-downs and suspensions of assisted housing programs over the last few years, coupled with the inflation in housing costs, has created a deep housing crisis for low- and moderate-income families. Existing housing assistance programs should be continued until new approaches have been tested and proven. In this connection, NAHRO strongly endorses the basic intent of legislation introduced by Representative Parren Mitchell (D-Maryland), HR13985, which would extend and fund the traditional public housing program at meaningful program levels for the next two years, even though the Association cannot support every provision of this bill.

A Meaningful Effort in Fiscal Year 1975

The beginning of the new fiscal year on July 1 is less than two months away. There is grave danger that the stalemate in housing and community development activity will continue into this new year.

NAHRO believes the time has come to recognize this fact and to gear up existing program activity, so that all of our past national commitment to housing and community development will not be lost.

In any event, the Appropriations Committees of the Congress should take initiative and responsibility for funding existing housing and community development programs at meaningful levels for fiscal year 1975. [See above for NAHRO's recommended funding levels.]

NAIRO Information Center for Community Development

STATUS OF MAJOR HOUSING AND COMMUNITY DEVELOPMENT LEGISLATION

(as of May 15, 1974)

ISSUES	HOUSE	SENATE
<u>Omnibus Legislation</u> Housing and Community Development Act of 1974	HR 14490 -- Housing Subcommittee reported a scaled down bill April 30. Full Committee mark-up scheduled to begin during the week of May 14.	S. 3066 -- Passed by the Senate on March 11, 1974.
<u>Interim Authorization Legislation</u> Title IV, Emergency Housing Finance Act of 1974	Not Currently Pending -- the present House intention is to consider interim program authorizations as part of omnibus legislation.	No number -- Ordered reported by Senate Banking, Housing and Urban Affairs Committee on March 26. Action by full Senate may be delayed pending House action on omnibus legislation.
ISSUES	HOUSE	SENATE
<u>Appropriations</u> HUD Appropriations Fiscal Year 1975	Hearings on HUD Budget by HUD-Space-Science-Veterans Subcommittee began with public witnesses on May 7, 8. Administration scheduled on May 20. NAIRO May 7.	Department witnesses tentatively scheduled before HUD-Space-Science-Veterans Subcommittee on June 5 and 6. Public witness panel scheduled for June 7. NAIRO will likely be a panel participant.

ISSUES	HOUSE	SENATE
<u>Uniform Relocation</u> Extension of 100% Federal Contribution	S.261 -- Reported by House Committee on Public Works on November 29, 1973 -- 2 year extension until 6/30/74. Awaiting Rules Committee action. Rules Committee hearing has <u>not</u> been requested by Public Works Committee --Chairman, Blatnik.	S.261 -- Passed by the Seante on February 5, 1973 -- 4 year extension until 6/30/76.
<u>Congressional Reform</u> Budget Control Act of 1974.	HR 7130 - Passed the House on December 5, 1973. In Conference.	S. 1541 - Passed the Seante on March 22, 1974. In Conference.
<u>Land Use</u> -- Land Use Policy and Planning Assistance Act	HR 10294 reported by House Interior Committee on February 13, 1974. Postponed by Rules Committee. Further hearing held by House Environment Subcommittee during week of April 22. Rules Committee re-consideration likely on May 15.	S. 268 -- Passed by the Senate on June 21, 1973

NAHRO INFORMATION CENTER FOR COMMUNITY DEVELOPMENT

May, 1974

ANALYSIS OF COMMUNITY DEVELOPMENT BLOCK GRANT PROPOSALS OF PENDING LEGISLATION

ISSUE	PROVISIONS OF S. 3066 -- "Housing and Urban Development Act of 1974", passed by the Senate March 11, 1974	PROVISIONS OF HR. 14490 -- "Housing and Urban Development Act of 1974" Introduced and Reported to Full House Banking and Currency Committee April 30, 1974	NAHRO Position
1. Programs Consolidated	Eight programs are consolidated: urban renewal, model cities, neighborhood facilities, open space, water and sewer, advanced acquisition of land, public facilities loans, and public works planning advances. The Section 312 loan program is not consolidated but linked to other community development activities. (see below)	Programs consolidated include: urban renewal, model cities, neighborhood facilities, open space, water and sewer, Section 312 rehabilitation loans. The Public Facilities Loan Program is terminated. Although Section 312 is consolidated, the Secretary can perform administrative services for locally-initiated rehabilitation loans on behalf of a recipient on a reimbursable basis.	Section 312 Loan -- Senate provision: keeping program separate, and targeted to specific areas where other community development activities are occurring.
2. Eligible Applicants/ Automatic Entitlement	Eligible applicants include units of general local government, states, and developers of new towns. The bill also encourages the submission of joint applications from two or more political jurisdictions: one of which should be an urban county (with a population of over 200,000 or encompassing 75 per cent of the metropolitan area). <u>One or more public agencies, including existing LPAs, may be designated to undertake the community development program in whole or in part.</u> "Automatic" basic grants to localities with on-going urban renewal and model cities programs.	States, units of general local government and developers of new towns. <u>No designation of LPA language.</u> Automatic entitlements to metropolitan cities (center cities of standard metropolitan statistical areas (SMSA's)) and "urban counties" Counties with powers to perform essential housing and community development powers, with a population (excluding metropolitan cities) of 200,000 composed of: (a) unincorporated areas, (b) communities where it has authority to undertake such activities which is not elect to be excluded; and (c) communities entering into cooperation agreements with the county.	Senate provisions especially on designation of "LPA" language (including a clarification that the LPA can contract directly with HUD if approved by unit of general local government) and providing no automatic entitlements based on population size, but rather basic entitlements to communities with on-going programs.
3. Eligible Activities	Eligible activities remains substantially the same as those permitted under programs consolidated with some additions. They include: acquisition, disposition, clearance and demolition of property;	A very similar list: acquisition, disposition, clearance and demolition of property; provision of <u>public works</u> , facilities and site improvements (including parking facilities, solid waste	(a) "designing and interim financing" -- Senate language (b) policy-planning-management capacity -- Senate language - extensive programs to enhance a locality's policy

ISSUE	PROVISIONS OF S. 3065	PROVISIONS OF HR. 14490	NAHRO POSITION
3. (continued)	<p>provision of community facilities and site improvements; interim financing for other public facilities (e.g. schools, libraries); relocation payments; conservation and rehabilitation of properties through local action, including code enforcement and the use of funds for making rehabilitation grants and loans; administrative costs; local share contributions for related federal grant-in-aid programs; and related public service and software programs. Rehabilitation and software activities limited to areas where other community development activities are occurring. Restrictions have been added to the bill limiting software activities to 20 per cent of the local program. Likewise, the use of grant money to finance city halls, schools, libraries, civic auditoriums, sports arenas, police stations, hospitals and parking garages is specifically prohibited.</p>	<p>disposal facilities and flood and drainage facilities); code enforcement; rehabilitation activities including financing assistance when related to other activities; special projects to remove material and architectural barriers to the elderly; software activities necessary to support other community development activities; relocation payments and payment to housing owners to hold property for relocation purposes; local share contributions for related federal grant-in-aid programs; administration costs; costs to develop a comprehensive plan and a policy-planning-management capacity for the community.</p>	<p>planning-management capacity should be part of the "701" program.</p> <p>(c) Exclusionary list - Senate language with possible exception of "parking facilities."</p>
4. Type of Grant - Local Share	<p>The bill provides two-year contracts with localities, not to exceed 90 per cent of "net program costs", exclusive of interim financing activities (which would use loans) and rehabilitation grants and relocation payments which would be 100 percent federal money. The local share, in almost all cases, would be required to be cash, to be used to supplement federally-aided activities within the community development program. Existing non-cash credits could be used for the first two years of the program.</p>	<p>Three year contracts permitted under the bill; grants could equal 100% of program (no local share required).</p>	<p>House provision; however, if a local share is required, use a traditional non-cash credits to meet it.</p>

ISSUE	PROVISIONS OF S. 3066	PROVISIONS OF HR. 14493	NAHRO POSITION
5. Allocation and Distribution of Funds	<p>A formula using census data to allocate funds was rejected by the committee; instead, 75 percent of the funds are earmarked for metropolitan areas; 25 percent for nonmetropolitan areas. Communities with ongoing urban renewal (conventional, NDP, or code enforcement) or model cities programs will be entitled for the first two-year contract period to annual grants equal to a "hold-harmless" figure. This hold-harmless calculation is to equal usually the aggregate of the average annual federal assistance received in the programs consolidated (except NDP and model cities) during fiscal years 1968-1972. Added to this amount will be the annual level of NDP and model cities funds. Fulfillment of this entitlement requirement will equal approximately 1.9 billion dollars annually. The remaining funds form a discretionary pot for communities without entitlements, and those whose entitlement is too low to meet urgent development needs. For the second two-year period, the HUD Secretary is directed to make grants ranging from 80 percent to 120 percent of the first two-year contract, to insure continuity of funding and provide communities with a range of expected federal funding. Funds not used would be reprogrammed including for additional grants to cities to meet urgent development needs. Reprogramming can include transfer of non-metropolitan money to metropolitan areas and the reverse.</p>	<p><u>Discretionary Fund</u> - 2% of the appropriation would form a HUD administered discretionary fund for (a) new communities; (b) incentives for area-wide programs; (c) demonstration grants; (d) emergency needs and disasters; (e) correction of formula inequities.</p> <p><u>Formula Distribution - Metropolitan Areas</u> of remaining funds, 80% earmarked for exclusive use in metropolitan areas in the following fashion:</p> <p>(1) <u>Metropolitan cities and Urban Counties</u>: A three factor formula (the city or county's ratio of population, poverty (double counted and regionalized) and housing overcrowding) would be used to determine a "basic grant entitlement." Also, each city or county would have a "hold-harmless" calculated for it. (Computed as in Senate bill, except model cities held-harmless only through locality's 5th action year). The formula phased in and hold-harmless phased out. First year, the community would receive the higher of its hold-harmless or 1/3 of formula; second year, higher of hold-harmless or 2/3 of formula; third year, higher of hold-harmless or formula, fourth year, higher of formula or 2/3 of hold-harmless; fifth year, higher of formula or 1/3 of hold-harmless; and sixth year formula only.</p> <p>(2) <u>Other Localities In Metropolitan Areas With On-going Urban Renewal and Model Cities Programs</u>: These communities</p>	<p>(a) <u>Formula Distribution of Funds</u> - Senate provisions providing basic grant entitlements for localities with on-going programs.</p> <p>(b) <u>Hold-harmless</u> - Senate provision - fixed for 2 years, basic grant entitlement 80%-120% for second 2 years period.</p> <p>(c) <u>Model Cities hold-harmless</u> - Senate provision-calculated in hold-harmless.</p>

ISSUE	PROVISIONS OF S. 3066	PROVISIONS OF HR. 14490	NAHRO POSITION
5. (continued)		<p>would be eligible for a hold-harmless if during the past five fiscal years (1970-1974) they were carrying on an urban renewal or model cities program. Full hold-harmless would last three years, reduced to 2/3 in the fourth year, 1/3 in the fifth year and eliminated in the sixth year. Computation of hold-harmless would be as above, using annual aggregate of grants received in FY '68-FY '72 plus annual NDF and model cities (until fifth action year completed)</p> <p>(3) <u>Other Localities</u>: Funds remaining in the metropolitan allocation would be earmarked for use among the 267 metropolitan areas on the basis of the same three factor formula, and distributed on a discretionary basis to smaller communities, counties or states for use in each metropolitan area. Fund not used in one metropolitan area could be reprogrammed to other metropolitan areas.</p> <p><u>Non-Metropolitan Areas</u> - 20% of the funds (exclusive of discretionary pot) earmarked for exclusive use in non-metropolitan areas in the following fashion.</p> <p>(1) <u>Cooperation with On-going Urban Renewal and Model Cities Programs</u> - If ongoing activity during FY '70-FY '74, would be hold-harmless for five years (phase out in 4th and 5th year) in the same fashion as smaller cities in metropolitan areas.</p> <p>(2) <u>Other Communities</u> - HUD would earmark the remainder of funds by state on the basis of the three-part formula; these funds would be distributed on a</p>	

ISSUE	PROVISIONS OF S. 3066	PROVISIONS OF HR. 14490	NAIRO POSITION
5. (continued)		discretionary basis to small communities, counties and state agencies for use in non-metropolitan areas.	
6. Application Process/ Requirements and Restrictions			
A. Application Process	<p>A. A two-year application must be submitted by the locality and include: a <u>summary plan</u> outlining a community four-year development plan, including provision of housing, especially for low- and moderate-income families, the prevention and elimination of slums and blight, and the improvement of community services and facilities in areas affected by community development activities; an <u>activities program</u>, describing the two-year assisted activities, with estimated cost, general location, and requirements for federally assisted housing; and a <u>performance report</u>, evaluating the activities carried out pursuant to previous community development programs.</p> <p>The Secretary has 90 days to approve or reject the application.</p>	<p>A. Application required which: (1) identifies community development needs and objectives; (2) contains a program to meet these needs and objectives (including cost and general location); (3) includes a <u>housing assistance plan</u> assessing housing needs, especially for lower income persons, establishing local housing goals, and indicating the general location of proposed housing for lower income persons; (4) <u>Performance Report</u> beginning FY '76 evaluating the community development program. HUD would conduct annual post-audits. Applications from metropolitan cities and urban counties must also contain a three year program designed to eliminate or to prevent slums, blight and deterioration where they exist and to improve community facilities and services.</p> <p>Applications must usually be submitted at least 30 days prior to beginning of program period. Unless specifically rejected in writing, the application will be deemed approved 30 days after beginning of program period.</p>	<p><u>Covers A. and B.</u></p> <p>(a) <u>Slum and Blight Requirement</u> - Senate provision covering all applicants.</p> <p>(b) <u>Application Period/Review</u> - Applications should be accepted for first 6 months of a fiscal year; Secretary would have 90 days to review; funds would be reprogrammed at the end of 6 months and nine months.</p> <p>(c) <u>One-to-one housing replacement</u> - Senate restriction, clarified to mean as under current urban renewal law.</p> <p>(d) <u>Focus on low and moderate income families</u> - modify Senate language to state such focus should be achieved by removal of slums and blight, additional housing opportunities and improved environmental and economic opportunities.</p> <p>(e) <u>20% limit on activities not assisting low and moderate income families or not geared to slums and blight</u> - most important to maintain Senate provisions.</p> <p>(f) <u>20% limit on Software Activity</u> - most important to maintain Senate provision.</p> <p>(g) <u>A-95 Review</u> - Should be limited to thirty days.</p>

ISSUE	PROVISIONS OF S. 3066	PROVISIONS OF HR. 14490	NAHRO POSITION
6. (continued)			
B. Requirements and Restrictions	<p>B. There are a number of program requirements and restrictions, many of which the locality can certify it is meeting. These requirements include: (a) a local program consistent with national objectives including focus of proposal activities on low and moderate income families; (b) a program for one-to-one replacement of low-and moderate-income housing taken off the market as a result of community development activities; (c) existence of reasonable housing and building codes in the community; (d) limitation to not more than 20 percent of the program for activities that do not assist low-and moderate-income families or that are not directed to the prevention or removal of slums and blight (waiver possible); (e) consistency of community development programs with local and areawide development plans; (f) public hearings on land acquisition; (g) citizen participation and involvement of area residents; (h) civil rights protections; (i) restriction on software activities and rehabilitation grants and loans to areas where other community development activities are occurring, as well as the 20 percent limit on software activities.</p>	<p>B. Conformity to civil rights statutes, citizen participation, including public hearings in formulation of this application, and specific reference to A-95 review.</p>	
7. Authorizations	<p>The program would begin July 1, 1974 (fiscal year 1975) with a 2.8 billion dollar authorization for the first year and 3.3 billion dollars for the second year. In addition, the bill provides</p>	<p>The program would begin January 1, 1975 (although communities would be eligible for a full year's grant covering FY '75). The three year authorization is FY '75 --\$2.45 billion; FY '76 \$2.65 billion;</p>	<p>Three year contract authority as provided in the House bill, but with the Senate levels for the 1st two years and \$3.8 billion for the third year, as well as separate transition funds for conventional amendatories.</p>

ISSUE	PROVISIONS OF S. 3066	PROVISIONS OF HR. 14490	NAHRO POSITION
7. (continued)	an authorization of 600 million dollars for urban renewal amandatories to close out conventional urban renewal projects.	FY '77 -- \$2.95 billion. An additional \$100 million is authorized annually for the first three years for communities adversely affected by the formula.	Effective date should be at a time to give HUD sufficient time to implement the program effectively.
8. Linkage to Housing Program	Upon approval of the application, the HUD Secretary is to reserve housing funds "to the extent he deems it to be necessary and feasible" to meet the housing requirements outlined in the application.	Under the Housing section of the bill, the Secretary would take into account housing needs (as stated in the <u>housing assistance plan</u> portion of the application) as well as objective criteria (eg. population, poverty, overcrowding, substandard housing, vacancy rates) in allocating housing funds.	Senate provision
9. Loan Provisions	Modified version of present urban renewal loan program (eg. loans permitted for interim financing of related public facilities).	No direct loans; federal guarantees only for local tax exempt or taxable bond financing. Loans could cover land acquisition and related activities, including site improvements. HUD would reserve from the locality's grant an amount equal to 110% of the difference between the cost of acquisition and related expenses and estimated dispositions proceeds. Locality, in turn, would pledge to the Secretary its full faith and credit to cover the remaining portion of the loan (equal to approximately the anticipated proceeds from disposition). Shortfalls in proceeds would be made up by the locality.	Deferred to staff for further review

NAIRO Information Center for Community Development
May 9, 1974

FISCAL YEAR 1975 APPROPRIATIONS
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

NAIRO Recommendations

	FY 1974 Program Level	FY 1975 Administration Budget Request	FY 1975 Program Level	FY 1975 Appropriation/ Authority Request
<u>COMMUNITY DEVELOPMENT (in thousands of dollars)</u>				
Urban Renewal (all Title I activities)	\$ 600,000	\$ 200,000 ⁽¹⁾	\$ 1,300,000	\$ 1,300,000
Model Cities	150,000	125,000 ⁽¹⁾	500,000	500,000
Section 312 Rehabilitation Loans	60,000	0	150,000	100,000
Water and Sewer Grants	0	0	400,000	0
Open Space Grants	0	0	75,000	0
Neighborhood Facility Grants	0	0	40,000	40,000
<u>ASSISTED HOUSING PRODUCTION (in thousands of units)</u>				
Public Housing Traditional Program Approaches (Elderly, Handicapped, Turkey, Acquisition, Section 23)	55	0	200	
Revised Section 23 Program	118	200	50	
Reformed Interest Rate Homeownership Program	18	0	150	
Reformed Interest Rate Rental Assistance Program	107	0	150	
Reactivated Section 202 Elderly Loan Program (Revolving Fund Basis)	0	0	10	
<u>PUBLIC HOUSING MANAGEMENT (in thousands of dollars)</u>				
Basic Operating Assistance (including adjustments for increased utilities)	\$ 350,000	\$ 400,000	\$ 550,000	\$ 550,000
Modernization	0	20,000	40,000 ⁽²⁾	40,000
<u>OTHER PROGRAM AREAS (in thousands of dollars)</u>				
Policy Development and Research	\$ 61,000	\$ 70,000	\$ 70,000	\$ 70,000
Comprehensive Planning Grants (Section 701)	75,000	110,000	110,000	110,000
Fair Housing and Equal Opportunity	9,802	11,900	11,900	11,900

(1) Requested for the first 6 months of FY '75. Allocations will be deducted from community development entitlements.

(2) Includes resumption of modernization program in FY 74.

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